

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

***United States Attorney
Carol C. Lam***

For Further Information, Contact:

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For Immediate Release

NEWS RELEASE SUMMARY - November 16, 2004

United States Attorney Carol C. Lam announced today the unsealing of a felony Complaint charging Richard Robert Matthews, Jr., with two counts of perjury. The Complaint alleges that Matthews knowingly gave false testimony during an examination under oath before the Commodity Futures Trading Commission (“CFTC”). The CFTC conducted the examination in San Diego as part of an investigation of White Pine Trust Corporation and its “Pinnacle Capital Fund”—a foreign currency trading fund. The Complaint also alleges that, as Managing Director of White Pine Trust Corporation, Matthews verified under penalty of perjury a response to a CFTC subpoena that Matthews knew contained false information. A warrant for Matthews’ arrest has been issued.

Also unsealed today was the affidavit filed in support of the Complaint. It alleges that Matthews verified under penalty of perjury that White Pine Trust Corporation had not solicited, managed, or guided commodity trading accounts. Additionally, in January 2004, Matthews testified under oath that the Pinnacle Capital Fund was merely an exploratory marketing concept, and that no money had been solicited or raised

for the fund. The affidavit alleges, however, that Matthews and White Pine Trust Corporation had, in fact, solicited retail customers to trade foreign currency contracts and foreign currency option contracts through the Pinnacle Capital Fund. The affidavit describes a customer who made an initial investment of \$50,000 into the Pinnacle Capital Fund in February 2003, and who made additional investments thereafter. The customer provided the CFTC with a copy of a February 2003 letter from Matthews discussing the terms of the customer's Management Account Investment Agreement. The customer also provided the CFTC with copies of numerous monthly account statements from 2003 for the customer's investment into the Pinnacle Capital Fund. One of the monthly statements showed that the net asset value of the customer's account with the Pinnacle Capital Fund exceeded \$200,000.

The affidavit also describes another customer who, in or about August 2002, attended a financial trade show in San Francisco, California, and visited a booth sponsored by White Pine Trust Corporation/Pinnacle Capital Fund. The booth was staffed by Matthews and another individual. The customer was told that the Pinnacle Capital Fund was trading in the foreign exchange futures market. The customer initially invested \$25,000 into the Pinnacle Capital Fund, and made additional investments until the customer's account balance exceeded \$300,000.

According to the affidavit, investigation by the CFTC has revealed that, since 2001, a total of at least approximately \$30 million has moved through bank and trading accounts associated with White Pine Trust Corporation and/or Matthews.

Separately, the CFTC has filed a civil lawsuit against Matthews and White Pine Trust Corporation, and has obtained a federal court order appointing a receiver and freezing assets belonging to Matthews and White Pine Trust Corporation.

DEFENDANT

Magistrate Case No. 04 MG 2389

Richard Robert Matthews, Jr.
Address: Current whereabouts unknown

SUMMARY OF CHARGES

Title 18, United States Code, Section 1621 - Perjury
(Perjury carries a maximum term of imprisonment of five years.)

PARTICIPATING AGENCIES

Federal Bureau of Investigation

United States Department of Homeland Security, Immigration and Customs Enforcement

Commodity Futures Trading Commission

A complaint itself is not evidence that the defendant committed the crimes charged. The defendant is presumed innocent until the Government meets its burden in court of proving guilt beyond a reasonable doubt.